

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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France

Post: Paris

Bakery Products

Report Categories:

Retail Foods

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Report Highlights:

Sales of baked goods were up just barely percent in 2011, valued at \$1.8 billion, but fell slightly in volume. Packaged industrial bread was the only subsector to increase substantially during the same period. Sales of baked goods are expected to decline in 2012.

General Information:

Average exchange rate for calendar year 2011

USD 1 = 0.72 Euros

Source: The International Monetary Fund.

SECTION I. MARKET OVERVIEW

As a result of the increase in cereal prices, total sales of baked goods rose by only 1 percent in value and marginally in volume. Packaged industrial bread was the only subsector to increase during this period. White packaged industrial bread dominated the market with 60 percent value share. Jacquet, one of the leaders in this subsector, launched a new range of products made with selected ingredients and without preservatives.

Within cakes, the rise of single-person households and smaller-sized families has changed the way consumers buy and resulted in manufacturers offering individual portions. Packaged industrial pastries registered value growth of 2 percent in volume. In-store bakery sales were developed in hyper/supermarkets.

SECTION II. MARKET ENTRY

Unpackaged/artisanal products still dominate this sector, as traditional bakeries are very well established. After losing significant ground to hyper/supermarkets three years ago, traditional bakeries reacted by capitalizing on their image of quality and authenticity, with premium and naturally healthy flour or slow kneading. Hyper/supermarkets are working towards improving the quality of their bakery products. Auchan and Carrefour increased their in-store bakery offers and promoted products through advertising campaigns, which focused on traditional values and flavor.

SECTION III. COMPETITION

In the country of the baguette, the competitive landscape is extremely fragmented with a small, but still growing share of branded products. Branded manufacturers have limited presence in the baked goods market, with combined value share of the top five manufacturers was only 8 percent in 2011. Harry's France leads with a share of just fewer than 3 percent, followed by Brioche Pasquier SA, and Lu SA. Brioche Pasquier SA has typically relied on discounts and family packs. Private labels saw the biggest increase in packaged/industrial bread thanks to its offensive in white and tasty breads.

New products were launched by manufacturers of artisanal, private label, and branded products in 2011, as well as communication campaigns. Packaging innovations were also directed towards smaller packaging and individually-wrapped products.

SECTION IV. BEST PRODUCT PROSPECT

The overall market for baked goods is expected to slightly decline in 2012. The advantage, however, of packaged products will continue to be the convenience trend. These products have a longer shelf life and are available through various retailers. Packaged/industrial bread manufacturers are expected to drive the market by offering low salt, but also ethnic bread (tortillas, naan, pita, challah, and burgers buns). The search for natural health and wellness products, such as organic variants is another trend. Packaged food manufacturers must respond by offering products that contain less added flavors and preservatives.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Internet Home Pages

Internet home pages of potential interest to U.S. food and beverage exporters are listed below:

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| USDA/Foreign Agricultural Service | http://www.fas.usda.gov |
| U.S. Mission to the European Union | http://useu.usmission.gov/agri/usda/html |
| European Importer Directory | http://www.american-foods.org |
| FAS/Paris | http://www.usda-france.fr |
| Website for Professional Trade Shows and Events | http://www.salons-online.com |

Questions/Comments and Assistance

If you have any questions or comments regarding this report, need assistance exporting to France or desire French buyers contact lists, please get in touch with the U.S. Agricultural Affairs Office in Paris at:

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Please view our Home Page for more information on exporting U.S. food and beverage and find list of French market sector/briefs and other detailed reports.

